

Government Performance and Review Act (GPRA): Annual Performance Plan/Report (APP/R) and Ex-Im Bank Performance Metrics/Targets

Pursuant to United States Code - Title 31: Money and Finance Sections 1115 and 1116, the attached table serves as Ex-Im Bank's Annual Performance Plan/Report (APP/R). This federal regulation establishes a performance management framework for the federal government and emphasizes key elements of the Administration's approach to improving the effectiveness and efficiency of the government. The performance metrics on the accompanying table provide a snapshot of Ex-Im's performance along three strategic goals as articulated in the Bank's strategic plan. All three of these goals represent the Bank's key priorities for FY 2013 and tie directly to the Federal government's priority performance goal to double U.S. exports by the end of 2014.

- Goal 1: Expand awareness of Ex-Im Bank services through focused business development and effective partnerships
- Goal 2: Improve the ease of doing business for customers
- Goal 3: Create a work environment that fosters high performance and innovation

The following narrative provides a brief overview of how the performance metrics on the accompanying spreadsheet map to Ex-Im's Strategic Plan.

Goal 1: Expand awareness of Ex-Im Bank services through focused business development and effective partnerships

The first section of the table looks at the impact of the Bank's business development efforts and partnerships as evidenced by (a) authorizations and (b) partnerships and outreach. The metrics associated with authorizations and transactions illustrate on a high level how the Bank's business development efforts have resulted in continual, substantial growth over the past several years. Results surrounding congressionally-mandated areas of focus, including small business, minority and women-owned businesses, renewable energy, and Sub-Saharan Africa exports, remain mixed, as various market and resource challenges continue.

- **Small business.** Ex-Im's small business goals are driven by two key mandates: the Congressional mandate requiring up to 20% of total Ex-Im authorizations to be allocated to small business, and the White House National Export Initiative mandate to generate 5,000 new small business customers by September 30, 2014. In FY 2013, the bank saw a 3% increase in the number of small business authorizations to 3,413; however, it experienced a 15% decline in total authorizations to \$5.23B. The flat growth in the number of authorizations combined with the decrease in average deal size shows the bank's historical business model has reached capacity, and the demand for small business trade finance is moving down market. Because of these factors, our previously stated, forward-looking authorization targets will change.

Challenges include identifying and educating the exporting niche of the small business sector, a limited range of specialized products, and processing credit manually. To achieve our goals, the bank plans to hire a director of new product development to implement a new performance bond product while developing ways to improve banks' responsiveness to the marketplace. To increase awareness, the bank is instituting a new marketing and lead development infrastructure to better identify and educate the exporting niche of the small business sector. These efforts will be multiplied through partnerships with public and private organizations, such as FedEx and the Small Business Administration. We will continue to develop the capacity to

processes credit prudently at scale through credit scoring and credit portfolio management. These efforts are currently underway and will continue in FY 2014.

- **Renewable energy.** Ex-Im’s renewable energy goal is driven by a Congressional mandate to devote 10% of authorizations to renewable energy technologies or end-use energy efficiency technologies. Although down from FY2012, FY2013 authorizations were driven by a surge in applications for financing wind energy projects in the Americas. Applications for solar projects in India, which in FY2012 had been the Bank’s major market for renewables as the result of India’s National Solar Mission (“NSM”), dramatically decreased in FY2013 given the expiration of Phase I of NSM. For FY2014, it is expected that applications for financing wind energy projects in the Americas will remain strong. In addition, applications for financing solar projects in India should increase dramatically given the implementation of Phase II of NSM, and Ex-Im Bank’s ongoing engagement and strong working relationships with the major Indian solar project developers. However, due to market realities noted here, our previously stated FY2014 renewable energy goal will change.
- **Sub-Saharan Africa (SSA).** In the past four years, Ex-Im Bank has authorized more than \$4 billion in financing for U.S. exports to sub-Saharan Africa, including \$604 million in authorizations in FY 2013. The Bank supported U.S. exports to 35 of 49 sub-Saharan African countries, including Cameroon, Ethiopia, Ghana, Kenya, Mozambique, Nigeria, South Africa and Tanzania. While the dollar amount of authorizations decreased in FY2013, the Bank approved an all-time high number of 188 authorizations to SSA. The increase in number of transactions is largely driven by U.S. small and medium-sized companies’ increased activity in the region.

FY2013, however, saw slower growth in the region than in previous report periods. The softer performance reflected a more adverse external environment, characterized by rising financing costs, less dynamic emerging markets, and less favorable commodity prices. For example, as a result of a decline in global commodity prices and political instability in some countries, the region experienced a downturn in the development of new mining projects. Additionally, some countries saw delays in budget execution, largely due to widening budget deficits and concerns over external indebtedness. Against this backdrop, delays in mining and civil works projects impacted authorizations. Delays in projects and long gestation periods are common in emerging markets and generally outside of Ex-Im’s control. Due to these reasons, our previously stated FY2014 target will shift downward, slightly.

Recognizing that the International Monetary Fund (IMF) is forecasting GDP growth in SSA of 6% in 2014, we remain confident that SSA authorizations will increase. Additionally, the Bank is expanding the availability of financing in Africa. In FY2013, Ex-Im Bank opened for long-term financing in Rwanda and Zambia. The Bank can now provide long-term loans and guarantees in 23 sub-Saharan countries.

Goal 2: Improve ease of doing business for customers

The second section of the table examines Ex-Im’s transaction processing time with metrics on (a) average cycle time for high volume products and programs and (b) the percent of deals completed within 30 and 100 days. In FY2013, we exceeded these transaction processing time targets, reaching 88% success rates on deals completed in fewer than 30 days and 98% of deals completed in less than

100 days (objective 2.1—streamline end-to-end processes from application submission to approval and disbursement), based on a weighted average.

Ex-Im has reviewed program details and risk pricing internally (objective 2.2—optimize product portfolio and risk pricing). In light of various changes in the financial markets, Ex-Im Bank has strengthened its reserves against losses and increased monitoring of its default rate, which remains well below the default rates of commercial banks. Products and processes demonstrating Ex-Im’s efforts to optimize its product portfolio are discussed in the Cross-Cutting Initiatives section.

Goal 3: Create an environment that fosters high performance and innovation

The third section of the table seeks to quantify Ex-Im’s goal to foster high performance and innovation by focusing on employee satisfaction and resource utilization.

- **Employee satisfaction.** Ex-Im’s senior management team has extensively reviewed responses in the FY2013 Federal Employee Viewpoint Survey. While Ex-Im’s job satisfaction rate has been comparable over time to other Federal government agencies, Ex-Im is at work on a plan to add programs in areas where there are significant opportunities to improve: innovation, collaboration, teamwork and communication. We believe a focused management response will contribute to higher employee satisfaction scores in FY2014. For example, the Bank will engage OPM’s Survey Analysis Group to conduct an in-depth analysis on the responses and recommend improvement programs. Additionally, the Bank will work with the Partnership for Public Service to implement innovation briefings designed to help the Bank’s employees recognize innovation and communication opportunities.

Certain sources of employee dissatisfaction that have been beyond the Bank’s control will begin to ease in FY2014. For example, heavy workloads will level off, as an increased administrative budget will allow for the hiring of additional Bank staff. The Federal pay freeze has been lifted, and the Bank has requested independent pay authority to close compensation gaps that exist between Ex-Im and other Federal agencies. Renovation to the Bank’s space in the headquarters building, which has required employees to work in swing space for the past two years, will conclude such that employees can return to permanent, refurbished, technologically advanced work spaces.

Meanwhile, the Bank’s non-monetary initiatives will continue, including a highly rated health and wellness program, enhanced training programs, rotation and upward mobility programs, and streamlining process efficiencies and new tools to reduce administrative burdens.

The products and processes discussed in the Cross-Cutting Initiatives section below are representative of Ex-Im’s efforts to institute an innovative, high performance environment.

Cross-Cutting Initiatives

Ex-Im has introduced a variety of processes and program enhancements designed to improve bank performance and fill gaps in the market. These innovations represent Ex-Im’s efforts to enhance its product portfolio (an objective of Goal 2: Improve ease of doing business for customers) and promote an atmosphere of innovation (a broad aim of Goal 3: Create an environment that fosters high performance and innovation). A few examples of new and continuing initiatives include the following:

- *Alliance with FedEx.* In early FY2014, Ex-Im and FedEx announced an alliance to help U.S. small and medium-sized businesses reach overseas customers. The alliance entails FedEx international customer representatives making their clients aware of Ex-Im’s ability to help protect against the risk of nonpayment, thereby eliminating the need for expensive letters of credit or cash-in-advance payments. FedEx customers who are interested in Ex-Im are then referred to an Ex-Im staff member for trade finance counseling.
- *Total Enterprise Modernization (TEM).* TEM is a multi-year initiative designed to modernize systems infrastructures and improve outdated business processes. In FY2013, through analysis of transportation and structured- and project-finance processes, Ex-Im staff identified ways to reduce cumbersome tasks and paper work. In FY2014, a Smart Forms project will move customers’ entire forms selection and completion process away from being paper-based, to online, thereby reducing errors, eliminating duplicative data entry, and speeding transaction processing.
- *U.S. Global Business Solutions (U.S. GBS).* U.S. GBS combines the resources of six federal agencies: Ex-Im Bank, the U.S. Small Business Administration (SBA), the U.S. Department of Agriculture, the U.S. Department of Commerce/International Trade Administration, the U.S. Trade and Development Agency (USTDA) and the Overseas Private Investment Corporation (OPIC). U.S. GBS “bundles” U.S. government trade finance products and services into a single menu of options that is scalable to an exporter’s stage of development and the capacity of financial institutions that serve as intermediaries to those exporters. U.S. GBS aims to expand the base of financial institutions and service providers that facilitate exports.
- *Automated Underwriting.* This process is being developed for our working capital and trade credit insurance programs. Automated underwriting improves consistency, accuracy and speed of approval—all of which benefit exporters and intermediaries, such as banks and insurance brokers. Automated underwriting also increases Ex-Im Bank’s ratio of transactions underwritten per full-time employee.
- *Power Africa Initiative.* Ex-Im Bank is a key participant in President Obama’s **Power Africa initiative**, involving other U.S. government agencies including the U.S. Agency for International Development (USAID), U.S. Trade and Development Agency (USTDA), the Overseas Private Investment Corp. (OPIC) and the departments of State and Energy. Ex-Im Bank pledged support of up to \$5 billion over the next five years in support of President Obama’s goal of doubling sub-Saharan Africa’s access to electricity. As part of our commitment to Power Africa, our agency participates in regular gatherings with our colleagues at other agencies to discuss noteworthy practices, regulatory infrastructure, current and future projects, and financing in support of U.S. exports.

Metrics without Targets

Many of the metrics on the following table have associated targets. Some of the metrics, however, do not have associated targets (“n/a” in target column) because of one or more of the following reasons:

- While Ex-Im’s efforts may impact these metrics, there are external factors which can have an overwhelming influence on these measures; e.g. the Bank’s administrative budget is appropriated by Congress, and/or
- They are derivatives of other measures; e.g. jobs supported are estimated based on authorizations in a given year.

These metrics have been included because they are barometers of Ex-Im’s performance and the external environment, but they do not lend themselves to targets.

Data Accuracy and Reliability

The metrics provided in the accompanying table provide a framework that measures the outcome of Ex-Im's efforts toward our three strategic goals. Data used to verify and validate measured values in the accompanying table comes from Ex-Im's management reporting system, is designed to capture disparate data across the institution, and transform it into useful management information. Most of the data is used to underwrite, authorize and monitor the transactions Ex-Im Bank supports and as such is subject to a rigorous review process performed by the underwriter, an underwriting manager, management and other bank offices – including the Office of the Chief Financial Officer. Ex-Im Bank has a high-level of confidence in the quality of its performance data.

Ex-Im Performance Metrics

			FY2009	FY2010	FY2011	FY2012	FY2013	FY2013	FY2014	FY2015
			Actual	Actual	Actual	Actual	Target	Actual	Target	Target
I. Goal 1: Business development and partnerships			Unit of Measure							
a. Authorizations	i. Total Authorizations	\$ millions	\$21,021	\$24,468	\$32,727	\$35,784	n/a	\$27,348	n/a	n/a
	ii. Total Transactions	Number of Transactions	2,891	3,532	3,751	3,796	n/a	3,842	n/a	n/a
	iii. Small Business	\$ millions	\$4,360	\$5,053	\$6,037	\$6,122	\$6,300	\$5,223	\$6,700	\$6,571
	iv. Minority and Women Owned	"	\$517	\$628	\$720	\$838	n/a	\$816	n/a	n/a
	v. Renewable Energy ¹	"	\$101	\$332	\$721	\$356	\$900	\$257	\$400	\$525
	vi. Sub-Saharan Africa	"	\$310	\$812	\$1,381	\$1,522	\$1,000	\$604	\$1,700	\$1,700
	vii. Nine Priority Markets ²	"	\$5,030	\$5,210	\$12,336	\$5,476	\$9,500	\$10,559	n/a	n/a
	viii. Jobs supported ³	Number of Jobs	195,000	227,000	290,000	255,000	n/a	205,000	n/a	n/a
b. Partnerships and outreach effectiveness	i. Lenders with ≥ 5 authorizations	Number of Partners/Customers	56	69	66	77	80	67	80	80
	ii. Brokers with ≥ 5 authorizations	"	39	47	45	52	53	46	53	53
	iii. New small business exporters ^{4,5}	"	583	733	628	624	1,000	630	1,000	1,000

¹Renewable energy transactions represent a subset of environmentally beneficial transactions

²Mexico, Brazil, Colombia, Turkey, India, Indonesia, Vietnam, Nigeria, South Africa

³Derived from export value associated with authorizations

⁴New to Ex-Im Bank within the last five years

⁵Target set at 5,000 new small business exporters between 2010 and 2015

Ex-Im Performance Metrics

			FY2009	FY2010	FY2011	FY2012	FY2013	FY2013	FY2014	FY2015	
			Actual	Actual	Actual	Actual	Target	Actual	Target	Target	
II. Goal 2: Customer service and transaction processing time			Unit of Measure								
a.	Average cycle time for high volume programs (new applications only)	i. Short-term multi-buyer, exporter-held insurance (ENV, ENB, ESC, EXP)	Average Number of Days to Decision¹ (Total Cases)	23 (740)	24 (2,034)	18 (651)	19 (649)	15	15 (627)	15	15
		ii. Short-term single-buyer, exporter-held insurance (ESS)	"	32 (353)	29 (509)	18 (473)	15 (469)	21	14 (490)	21	21
		iii. Short-term single-buyer, bank-held insurance (FIBC)	"	66 (186)	48 (193)	41 (236)	43 (229)	45	44 (190)	45	45
		iv. Medium-term credit insurance	"	70 (141)	54 (184)	47 (150)	42 (117)	60	45 (100)	60	60
		v. Medium-term guarantees	"	72 (133)	56 (157)	60 (109)	54 (84)	60	66 (93)	60	60
b.	Days to decision within target	i. Percent of deals decided in ≤ 30 days ²	Percent	57%	65%	80%	86%	80%	89%	80%	80%
		ii. Percent of deals decided in ≤ 100 days		90%	93%	99%	98%	95%	98%	95%	95%

III. Goal 3: Environment of high performance and innovation

a.	Employee satisfaction	i. Percent satisfied with job ³	Average Score (Response Rate)	71% (64%)	70% (64%)	65% (47%)	65% (46%)	70% (75%)	66% (62%)	70% (75%)	70% (75%)
b.	Resource utilization	i. Administrative budget appropriated and utilized	\$ millions	\$82	\$84	\$84	\$90	n/a	\$90	n/a	n/a
		ii. Ratio of authorization value to administrative budget	--	256	291	391	398	n/a	304	n/a	n/a
		iii. Program budget utilized ⁴	\$ millions	\$37	\$43	\$68	\$72	n/a	\$36	n/a	n/a
		iv. Claims paid	"	\$167	\$231	\$119	\$37	n/a	\$49	n/a	n/a
		v. Self-sustaining results	"	\$181	\$370	\$544	\$840	n/a	\$1,129	n/a	n/a
		vi. Ratio of authorization value per FTE	\$ millions per FTE	\$58	\$66	\$87	\$91	n/a	\$70	n/a	n/a

¹Average number of days from application to decision.

²Based on a weighted average.

³Average percent of respondents satisfied/very satisfied with their job

⁴Program budget = sum of all positive subsidy transactions; positive subsidy transactions are those whose fees do not cover expected losses over the life of the loan, with the positive subsidy amount being the difference between the expected losses and fees